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June 13, 1979



Mary Ann Wright
Reclamation Biologist
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1588 West North Temple
Salt Lake City, Utah 84116

Dear Ms. Wright:

This letter is in reference to the types of surety which the Division of Oil, Gas and Mining arranges with mining companies to cover mining and reclamation operations. Following are the three types of surety arrangements offered by the Division in the order of Plateau's preference.

- (1) Demonstration by the company of its financial capability to carry out the planned work, as evidenced by a Mined Lands Reclamation contract between the company and the Board of Oil, Gas and Mining.
- (2) Posting of a surety bond by the company pursuant to the Mined Lands Reclamation Act.
- (3) Escrow of funds by the company required to carry out the planned work pursuant to an Escrow agreement between the company and the Board of Oil, Gas and Mining.

The following is offered to demonstrate Plateau Resources Limited's financial ability to meet its reclamation obligations for the uranium processing facility proposed to be constructed in Garfield County (Shootaring Canyon), Utah.

Plateau Resources Limited is a company engaged in the acquisition, exploration and development of properties for the purpose of mining and milling uranium. Plateau is a wholly owned subsidiary of Consumers Power Company, a major electric and gas utility serving the lower peninsula

of the State of Michigan. On May 16, 1979, Plateau entered into an agreement with Consumers Power for the sale of 4,000,000 pounds of uranium concentrates to the parent company over an eight year period beginning in 1981. Plateau has received a commitment from four major commercial banks for a loan of \$20-25 million to finance portions of a mining and milling project in Utah, including the proposed uranium processing facility. Such loan agreement will be entered into later in 1979. Plateau has a line of credit agreement with U.S. Bank of Grand Junction, Colorado to provide working capital of up to \$675,000 on an unsecured basis. As of May 31, 1979 Plateau held assets of over \$41,000,000, primarily in cash, receivables, materials and supplies, mining properties, buildings and equipment, and purchased uranium ore.

Further information regarding Plateau's financial condition is contained in its 1978 Annual Report accompanying this letter.

We respectfully request that the Division rule in favor of Plateau's financial ability to meet its reclamation obligations, as outlined above.

Sincerely,



Roger T. Berg
Finance Manager

RTB/jt
Enc.